

**PENN TRAFFIC COMPANIES
PRIVATE LABEL EXTENSION**

**RJR/FORSYTH PRODUCTS
NOVEMBER 30, 1994**

51862 0785

**PENN TRAFFIC COMPANIES
RJR/FORSYTH PARTNERSHIP**

**RJR/FORSYTH HAS REMAINED COMPETITIVE
WITH MAJOR SUPPLIERS**

**CURRENT "DEAD-NET" EQUAL TO LOWEST PRICE
FROM ANY MAJOR MANUFACTURER**

**RJR/FORSYTH CONTINUES TO OFFER SUPPORT IN
TOTAL CATEGORY MANAGEMENT
(MERCHANDISERS, PAYMENTS, CONSUMER
PROGRAMS)**

**MERCHANDISING EXTENSION BONUS OFFERED TO
ALL PTC DIVISIONS IN OCTOBER 1994**

**MAJOR SUPPORT BY RJR TO LITIGATION AND TAX
ISSUES**

**PRIVATE LABEL PROGRAMS CONTINUALLY
ENHANCED OVER THE PAST TWO (2) YEARS**

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PENNY

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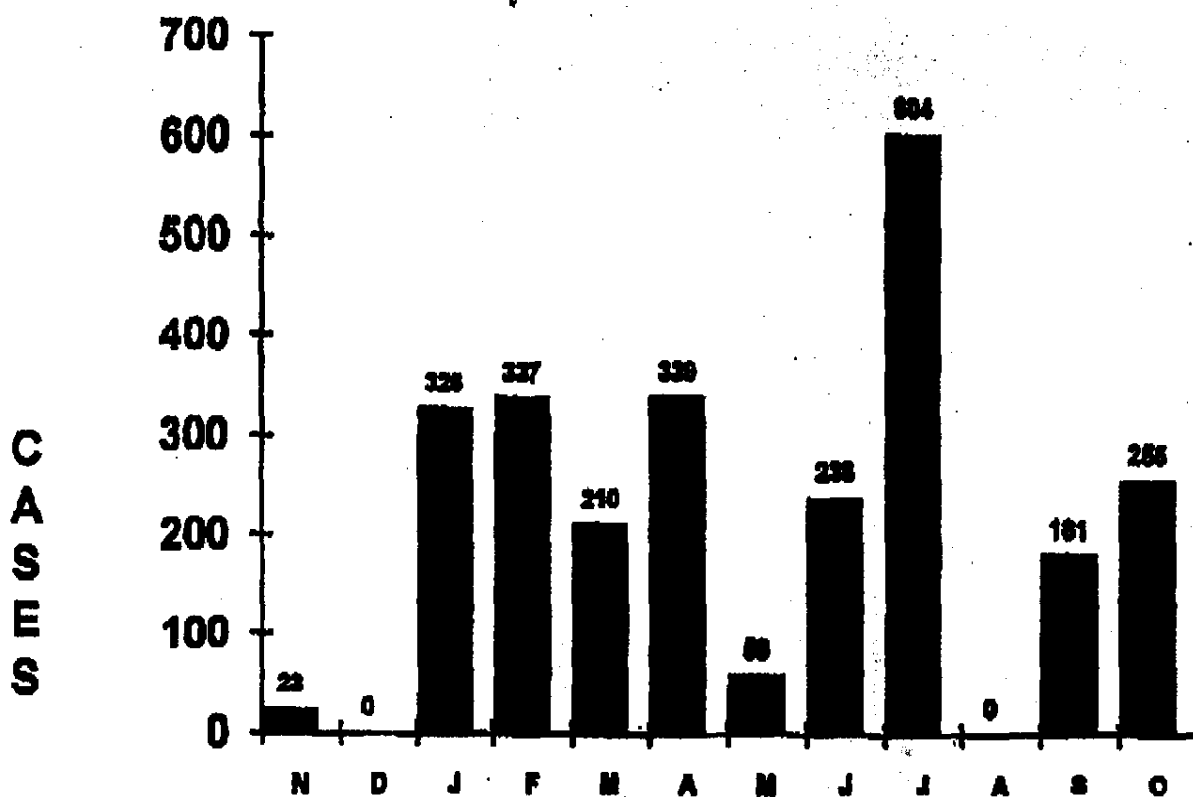
* QUALITY VOLUMES BONUS INCLUDED IN RIVERSIDE 1992/1993

DIVISION - \$ PAID	BONUS	YEARLY CTN	2 MONTHS 1992	CTNS SOLD 1993	CTNS SOLD THRU 10/94	TOTAL SOLD	PROJECTED CTNS (2 YRS)	SHORTFALL TO DATE
RIVERSIDE	\$286,334	441,067	16,000	358,640	214,020	567,640	663,334	285,804
BIG BEAR	\$153,334	200,000	14,460	185,540	100,360	310,360	400,000	89,620
PA/CQUALITY	\$148,332	181,066	5,860	73,500	114,000	183,380	383,332	189,952
TOTAL	\$688,000	833,333	37,320	625,680	428,400	1,091,400	1,566,666	575,266

PENN TRAFFIC COMPANIES CONTRACT EXTENSION BONUS PAYMENT ANALYSIS

RIVERSIDE EXTRA VALUE PERFORMANCE

NOVEMBER 1993 - OCTOBER 1994



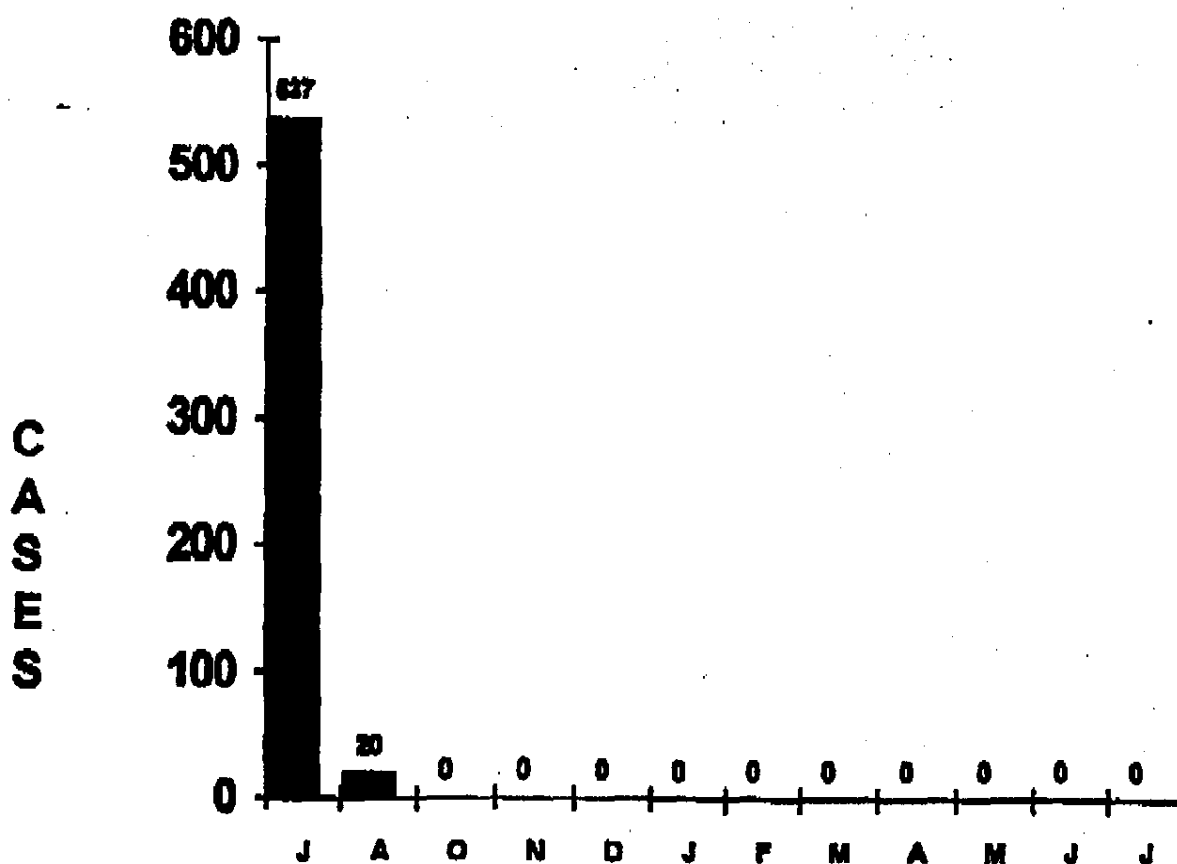
Accrual Account

	Dollars	Spent	Balance
1/01/94 - 3/31/94	\$17,768	-0-	\$ 17,768
4/01/94 - 4/29/94	\$10,170	-0-	\$ 27,938
4/30/94 - 5/31/94	\$ 1,770	-0-	\$ 29,708
6/01/94 - 6/30/94	\$ 7,140	-0-	\$ 36,848
7/01/94 - 7/29/94	\$18,120	-0-	\$ 54,968
8/01/94 - 8/31/94	-0-	-0-	\$ 54,968
9/01/94 - 9/30/94	\$ 8,688	\$28,813.40	\$34,840.80
10/1/94 - 10/31/94	\$12,240	\$ 9,233.40	\$37,847.20

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RIVERSIDE VALU TIME PERFORMANCE

NOVEMBER 1993 - OCTOBER 1994



Accrual Account

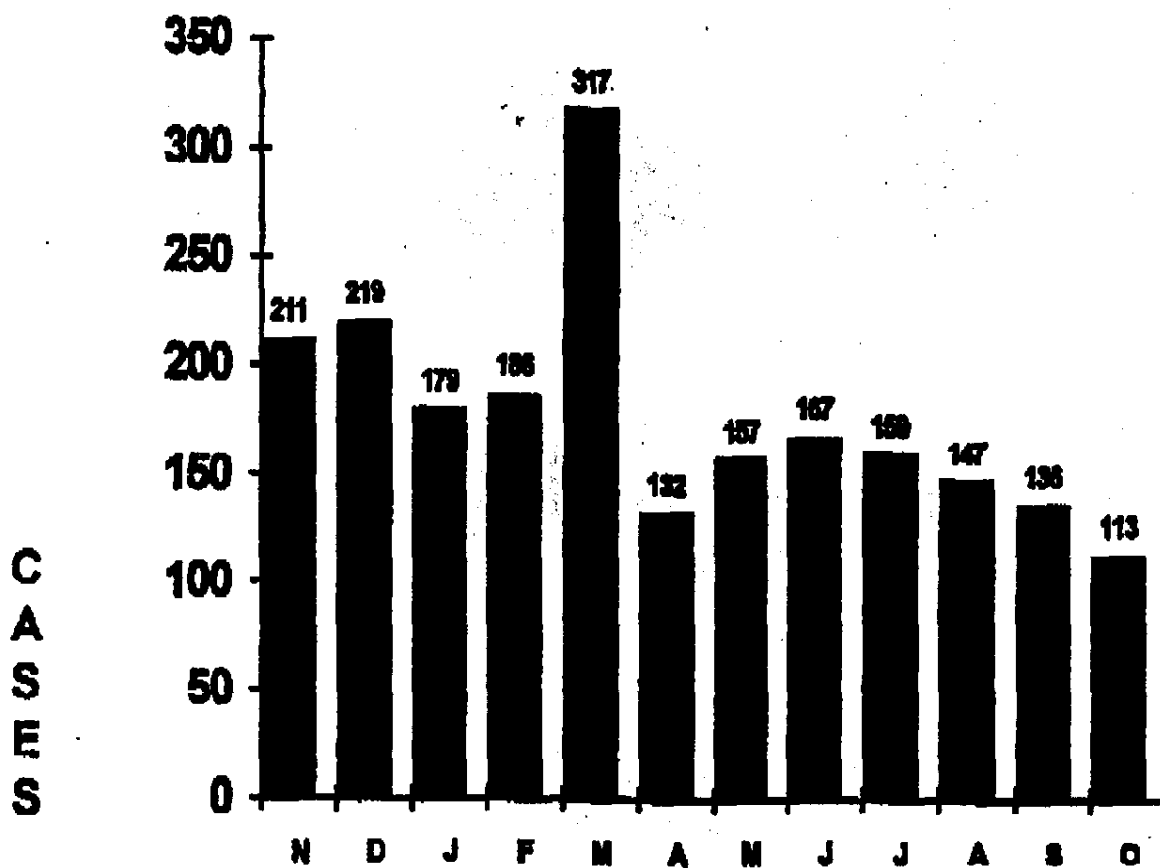
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NO PRODUCT SHIPPED SINCE JANUARY, 1994

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P & C SUPERMARKETS EXTRA VALUE PERFORMANCE

NOVEMBER 1993 - OCTOBER 1994



Accrual Account

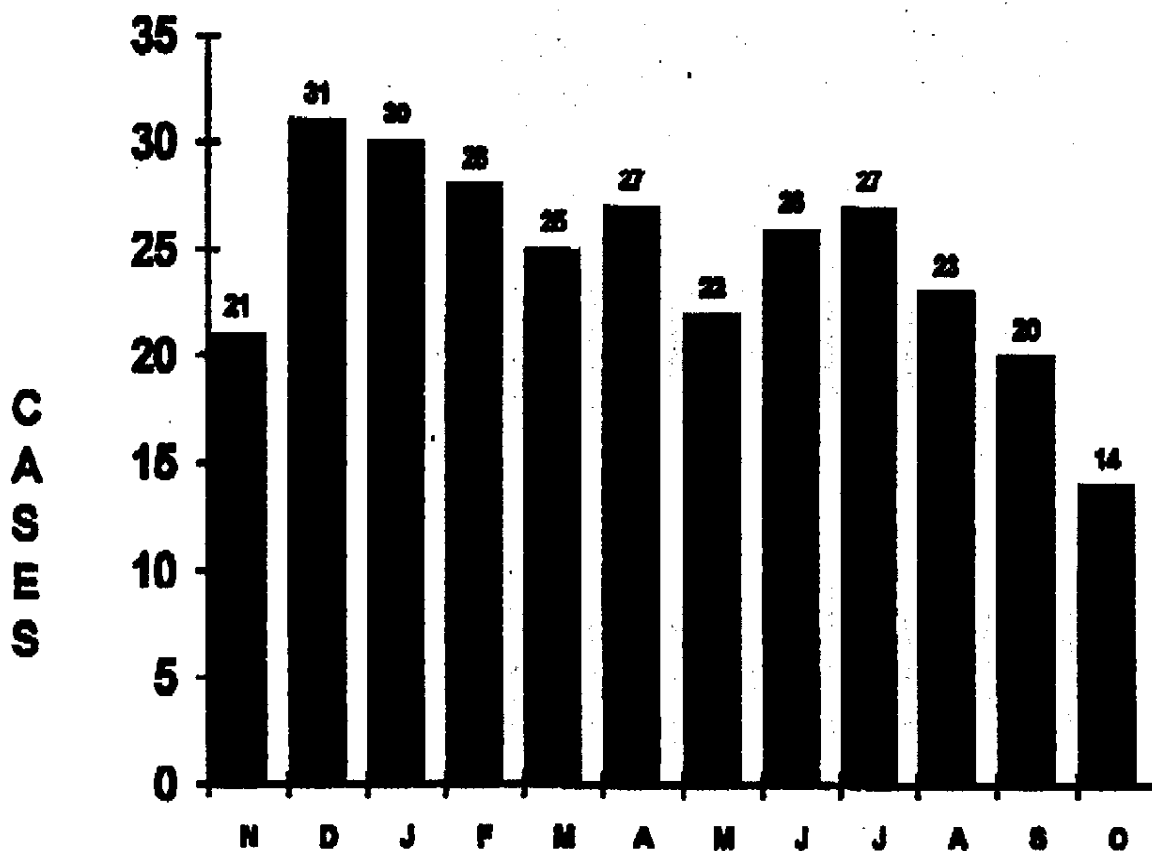
	Dollars	Spent	Balance
1/01/94 - 3/31/94	\$15,908	-0-	\$15,908
4/01/94 - 4/29/94	\$ 4,770	-0-	\$20,678*
4/30/94 - 5/31/94	\$ 4,710	-0-	\$25,388*
6/01/94 - 6/30/94	\$ 5,010	adj. \$2,412	\$27,874*
7/01/94 - 7/29/94	\$ 4,770	-0-	\$32,754*
8/01/94 - 8/31/94	\$ 4,410	-0-	\$37,164
9/01/94 - 9/30/94	\$ 6,828	-0-	\$43,992
10/1/94 - 10/31/94	\$ 5,424	-0-	\$49,116

*Includes both Extra Value & Valu Time. Will be separated next report

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P & C SUPERMARKETS VALU TIME PERFORMANCE

NOVEMBER 1993 - OCTOBER 1994



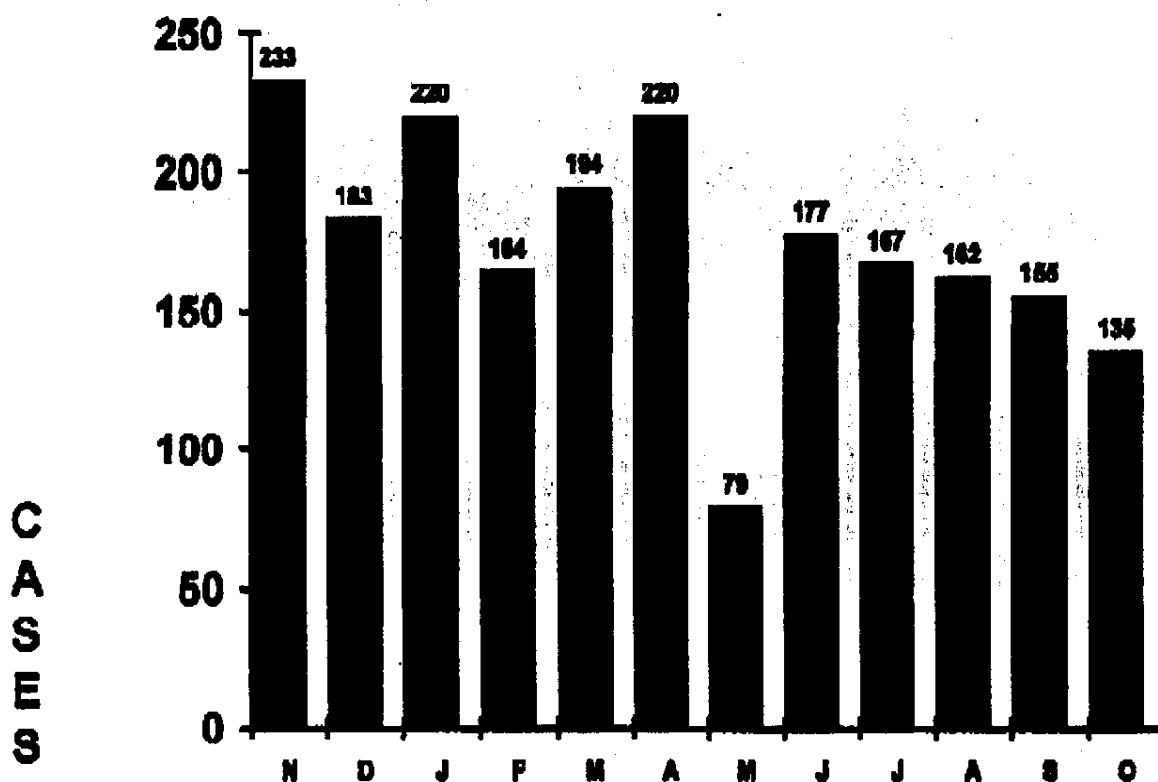
Accrual Account

Included in Extra Value accrual. Will be separated on next report.

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BIG BEAR EXTRA VALUE PERFORMANCE

NOVEMBER 1993 - OCTOBER 1994



Accrual Account

	<u>Dollars</u>	<u>Spent</u>	<u>Balance</u>
1/01/94 - 3/31/94	\$11,640	-0-	\$ 11,640
4/01/94 - 4/29/94	\$ 6,600	-0-	\$ 18,240
4/30/94 - 5/31/94	\$ 2,370	-0-	\$ 20,610
6/01/94 - 6/30/94	\$ 5,310	-0-	\$ 25,920
7/01/94 - 7/29/94	\$ 5,010	-0-	\$ 30,930
8/01/94 - 8/31/94	\$ 4,860	\$ 1,866.00	\$ 33,924
9/01/94 - 9/30/94	\$ 7,440	\$10,806.60	\$ 30,557.40
10/1/94 - 10/31/94	\$ 6,480	\$ 5,797.20	\$ 31,240.20
11/17/94		\$11,442.40	\$ 19,797.80

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**ALL STYLES**

LIST PRICE	\$8.49
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RETAIL FEATURE (OFF-INVOICE)	1.20
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NET INVOICE	\$7.29
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MONTHLY P/L REBATE	.30
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MARKETING ACCRUAL*	.80
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SEMI-ANNUAL SHARE OF CATEGORY	.28
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SEMI-ANNUAL SHARE OF CAT. BONUS	.25
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NET PRICE	\$5.69
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TERMS (3.25%) (ROUNDED)	.28
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E.F.T.**	.03
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FOCUS PROGRAM POTENTIAL**	.14
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POTENTIAL NET	\$5.24
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PREPAID UPFRONT BONUS PAYMENT	.20
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DEAD NET PRICE	\$5.04
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* ALLIANCE PROGRAM - MARKETING PROGRAM (COUPON, ETC.)

**E.F.T. AND FOCUS ARE AVAILABLE TO QUALIFYING CUSTOMERS

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MST0.XLS

PRIVATE LABEL EXTENSION AND REBATE AGREEMENT

R. J. Reynolds Tobacco Company, through its Forsyth Tobacco Company division ("Forsyth"), hereby offers additional support to purchasers of its private label cigarettes who accept the conditions of this offer in the manner provided herein.

Customer must agree to the following:

1. Compliance with Forsyth's Full Partnership requirements, which are:
 - a. Use off-invoice to keep Forsyth private label price competitive.
 - b. Develop programs using Alliance Accrual to build Forsyth private label business.
 - c. Maintain Forsyth private label as the everyday low priced brand offered, with minimal support for competitive programs.
 - d. Decline to carry non-Forsyth products that sell at prevailing private brand prices.
2. Extension of Customer's Forsyth Private Label Agreement for an additional period of two years.

Customer will receive the following:

1. A sum in the amount of \$80,000.00 to be transferred to the customer marketing accrual fund within 30 days after signing of this Agreement.

Riverside	\$43,040.00
Big Bear	\$22,720.00
P & C	\$14,240.00
2. A guarantee that both the marketing accrual rebate @ \$.80 and the share of category rebate @ up to \$.50 (upon qualifying) will be maintained through December 31, 1996.

Customers agreeing to the two year extension of their Private Label Agreements through AUGUST 12, 1997 and to the Full Partnership Program in exchange for the guaranteed pricing of both the marketing accrual and the share of category rebates, must indicate their written agreement as provided herein.

CUSTOMER, AGREED:**PENN TRAFFIC COMPANIES**

DATE: _____

FORSYTH, ACCEPTED:**R J. REYNOLDS TOBACCO COMPANY**

DATE: _____

By: _____

PENN TRAFFIC COMPANIES

By: _____

J. R. HELM

Note: This Agreement must be signed by both Customer and Forsyth before it is effective.

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PROPOSED NAME CHANGE

IF PENN TRAFFIC ELECTS RJR WILL CONVERT EXTRA VALUE

PROPOSED NAME

STOCKTON

SAME QUALITY PRODUCT AS EXTRA VALUE

AVAILABLE FEBRUARY 1, 1995

**MINOR CO-EXISTENCE WOULD BE REQUIRED
F&M DRUG - 2 STORES IN OHIO
TEXACO - LIMITED STORES IN PA.**

SAME BRAND STYLES AVAILABLE

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